

CONFIDENTIAL
CENTRAL INTELLIGENCE

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CD NO. 25X1A

DATE DISTR. 16 Nov. 1951

NO. OF PAGES 2

[illegible]

NO. OF ENCLS.
(LISTED BELOW)

SUPPLEMENT TO
REPORT NO. 25X1X

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Date: **21 AUG 1978**

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1. Trade between Czechoslovakia and the USSR falls into two main categories. The first category covers the broad trade relationships between the two countries and involves the widest range of consumer and producer goods, which represents an ever increasing proportion of the total Czechoslovak foreign trade, and which is conducted within the framework of the bilateral long-term commercial agreement between the two countries. The second category includes direct trade outside the treaty framework in accord with independent agreements and contracts and covers special areas of production in Czechoslovakia of more direct interest to the Soviets and is usually marked by the separation of a whole plant or a section thereof to work exclusively for this interest. Mention need be made here only of the fact that Czechoslovak trade agreements with other countries of the Soviet sphere may also be considered to benefit the USSR to a high degree.
2. It is to industries belonging to this second category that special Russian technical missions or individual experts are assigned. Thus, heavy industry in general and war industry in particular frequently are organized under the joint control of the Ministry of National Defense and the USSR. In this fashion, a special department of the Skoda Works, Pilsen (N50/I04) has been organized, and the new mammoth Skoda branch in Doubovce (N50/I04) near Pilsen has been planned entirely as a special department. Other plants which are similarly organized are Zbrojovka-Strakonice (N50/Q49), Zbrojovka-Brno (P50/N40), CKD Stalingrad-Sokolovo (N51/P58), Rudý Letov, Avia, Prague (P41/L78), the United Steel Works, the Steel Works at Trinec (Q50/Q87) and Vítkovice (P50/Q58), the Explosia factory at Semtin (Q50/I94), and Dynamit-Nobel in Bratislava (P49/X99).
3. In addition to the exports to the USSR by the plants mentioned above, increasing emphasis is being placed on armaments and war materiel exports, e.g. plates of special steel, tank engines, heavy trucks, military vehicles, a new type of heavy duty locomotive produced according to Soviet specifications but improved upon in Czechoslovakia, heavy artillery, machine guns, AT guns, etc. Other types of goods upon which the USSR places emphasis are special

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machine tools, measuring devices and machinery, buses, mining machinery and airplanes engines. Besides the partial control exercised over many factories, the USSR has exclusive control over the uranium mines at Jachymov [] as well as over the new mines in Slavkov [] near Karlovy Vary []

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4. At the CKD factory in Sokolovo, locomotives for the USSR are manufactured. The design calls for a double-gauge truck system allowing use on both standard- and broad-gauge rails. The locomotives are produced in series of 16 or 32 pieces. For the older, proved types, the time required to produce a series of sixteen is about two months, employing two and one-half shifts in the plant per day. Six months are required to produce 32 units of the new and much larger types recently put on the production line. Special workers are assigned to this job. The first locomotives of the new series required over a month of testing and running in because inaccurate piston tolerances caused considerable difficulties. The new locomotives reportedly have a pull factor of three times that of the normal freight locomotive and are capable of speeds of 120 kms. per hour at maximum load. Otherwise, they attain a speed of 160 kms. per hour. In addition to locomotives for the USSR, CKD-Sokolovo also produces tank parts, especially tractor belts and links.

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